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11 A-ONE COMMERCIAL INSURANCE

12 RISK RETENTION GROUP, INC.

13 **UNITED STATES DISTRICT COURT**

14 **CENTRAL DISTRICT OF CALIFORNIA**

15 A-ONE COMMERCIAL INSURANCE
16 RISK RETENTION GROUP, INC.

17 Plaintiff,

18 v.

19 LEI CHENG, an individual; YANG
20 TENGFEI, and individual; and HONG
21 SHENG GROUP, INC., a California
22 corporation

23 Defendants.

Case No.:

COMPLAINT FOR:

1. **DECLARATORY RELIEF –
NO DUTY TO DEFEND;**
2. **DECLARATORY RELIEF –
NO DUTY TO INDEMNIFY;**
3. **REIMBURSEMENT OF
DEFENSE COSTS**

24 Comes now Plaintiff A-ONE COMMERCIAL INSURANCE RISK
25 RETENTION GROUP, INC. ("A-ONE"), pursuant to Federal Rules of Civil
26 Procedure Rule 57 and the Uniform Declaratory Judgments Act, 28 U.S.C. § 2201,
27 and alleges against Defendants LEI CHENG, YANG TENGFEI, and HONG SHENG
28 GROUP, INC. ("Defendants") as follows:

JURISDICTION

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1332,
because there is complete diversity of citizenship among the parties and because the
amount in controversy, exclusive of interest and costs, exceeds \$75,000.

2. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b)(1) and 28
U.S.C. § 1391(b)(2) because all defendants are residents of this District, the insurance

1 policy in question was issued in this District. Therefore, this District is a judicial district
2 in which a substantial part of the events or omissions giving rise to the claim occurred.

3 3. The amount in controversy significantly exceeds \$75,000.

4 THE PARTIES

5 1. At all times relevant hereto, Plaintiff A-ONE was and is a risk retention
6 group organized under the federal Liability Risk Retention Act of 1986 ("LRRRA"). A-
7 ONE was organized under the laws of the State of Tennessee and has its principal place
8 of business in Nashville, Tennessee.

9 2. A-ONE is informed and believes and on that basis alleges that Defendant
10 Lei Cheng is an individual who resides in Los Angeles County, California.

11 3. A-ONE is informed and believes and on that basis alleges that Defendant
12 Yang Tengfei is an individual who resides in Los Angeles County, California.

13 4. Defendant Hong Sheng Group, Inc. is a corporation organized and existing
14 under the laws of the State of California, with its principal place of business in Baldwin
15 Park, California.

16 GENERAL ALLEGATIONS

17 5. A-ONE is informed and believes and thereon alleges that May 21, 2021,
18 Defendant Lei Cheng seriously injured his hand when a tractor and trailer driven by
19 Yang Tengfei was being parked at a facility in Ellenwood, Georgia.

20 6. A-ONE is informed and believes and thereon alleges that at the time of the
21 May 21, 2021, accident both Lei Cheng and Yang Tengfei were employed by Defendant
22 Hong Sheng Group and were involved in an interstate transportation of goods on behalf
23 of Hong Sheng Group. Lei Cheng was acting as a guide for his fellow driver Yang
24 Tengfei who was backing their 2019 Freightliner tractor and an attached trailer into the
25 facility when Lei Cheng's hand was crushed between the trailer and another vehicle
26 parked at the facility.

27 7. On May 18, 2023, Lei Cheng sued Hong Sheng Group and Yang Tengfei
28 in Los Angeles Superior Court in an action (23-PSCV-01513) alleging personal injuries

1 to his crushed hand. That action is entitled *Lei Cheng v. Hong Sheng Group, Inc., et al.*
2 Defendant Cheng seeks wage loss, future earnings loss, hospital and medical expense
3 recovery, and bodily injury and general damages. (“the Underlying Action”).

4 8. A-ONE is informed and believes and thereon alleges that plaintiff Lei Cheng was
5 an employee of Hong Sheng Group, Inc. and was acting within the course and scope of
6 his employment at the time of the accident on May 21, 2021.

7 9. A-ONE issued policy A-ONE2020-1413 to Hong Sheng Group, Inc.,
8 covering the period from 09/19/2020 to 09/19/2021. The Motor Carrier Coverage
9 liability policy provides a \$1,000,000 per accident limit. Written on standard form
10 CA0020 (10/13), the policy uses Symbol 67 to define “covered autos”. The policy
11 covers Hong Sheng Group’s legal liability for damages because of ‘bodily injury’ or
12 ‘property damage’ occurring during the policy period and caused by an ‘accident’, but
13 includes the following significant exclusions:

14 (3) “**Workers’ Compensation**”, which precludes coverage for:

15 Any obligation for which the ‘insured’ or the ‘insured’s’ insurer
16 may be held liable under any workers’ compensation, disability
17 benefits or unemployment compensation law or any similar law.

18 (4) “**Employee Indemnification and Employer’s Liability**”, which excludes
19 coverage for:

20 ‘Bodily injury’ to:

21 (a) An ‘employee’ of the insured arising out of and in the
22 course of:

- 23 1. Employment by the ‘insured’; or
- 24 2. Performing the duties related to the conduct of the
- 25 ‘insured’s’ business.....
- 26

27 (5) “**Fellow Employee**”, which precludes coverage for:

28 ‘Bodily injury’ to:

(a) Any fellow 'employee' of the 'insured' arising out of and in the course of the fellow 'employee's' employment or while performing duties related to the conduct of your business....

10. The A-ONE policy defines 'employee' to included leased workers.

A true and correct copy of the A-ONE policy is attached hereto as Exhibit "A".

11. A-ONE is defending Hong Sheng Group, Inc. in the Underlying Action pursuant to a full reservation of rights pending resolution of this action, including the right to seek reimbursement from Hong Sheng for any defense expenses or payments toward settlement or judgment should A-ONE establish there was no potential for coverage under the A-ONE policy. A true and correct copy of A-ONE's October 18, 2023, Reservation of Rights letter is attached hereto as Exhibit "B".

FIRST CLAIM FOR RELIEF

(Declaratory Relief Against All Defendants – No Duty to Defend)

12. A-ONE incorporates the allegations in paragraphs 1 through 11 above.

13. An actual controversy has arisen and now exists between A-ONE on the one hand and Defendants on the other hand as to A-ONE's rights and obligations under the A-ONE policy. A-ONE is informed and believes and thereon alleges that Defendants contend the claims asserted in the Underlying Action are covered or potentially covered by the A-ONE policy. A-ONE contends that because Lei Cheng was an employee of Hong Sheng Group at the time of the accident, the claims made in the Underlying Action were never potentially covered pursuant to exclusions (3), (4) and (5) of the A-ONE policy.

14. A-ONE's reliance on these coverage defenses as a basis to establish non-coverage in this action is expressly made without prejudice to its right to rely on other policy terms, conditions and exclusions with respect to the claims raised in the Underlying Action.

15. A-ONE seeks a declaration that under the policy it owes no defense

obligations to Hong Sheng Group or Yang Tengfei with respect to the Underlying Action.

SECOND CLAIM FOR RELIEF

(Declaratory Relief Against All Defendants – No Duty to Indemnify)

16. A-ONE incorporates the allegations in paragraphs 1 through 15 above.

17. An actual controversy has arisen and now exists between A-ONE on the one hand and Defendants on the other hand as to A-ONE's rights and obligations under the A-ONE. A-ONE is informed and believes, and thereon alleges that Defendants contend that the claims asserted in the Underlying Action are covered by the A-ONE policy. A-ONE contends that because Lei Cheng was an employee of Hong Sheng Group at the time of the accident, the claims made in the Underlying Action were never potentially covered pursuant to exclusions (3), (4) and (5) of the A-ONE policy.

18. A-ONE's reliance on these coverage defenses as a basis to establish non-coverage in this action is expressly made without prejudice to its right to rely on other policy terms, conditions and exclusions with respect to the claims raised in the Underlying Action.

19. A-ONE seeks a declaration that under the policy it owes no indemnity obligations to Hong Sheng Group or Yang Tengfei with respect to the Underlying Action.

THIRD CLAIM FOR RELIEF

(Reimbursement Against Defendant Hong Sheng Group)

20. A-ONE incorporates the allegations in paragraphs 1 through 19 above.

21. A-ONE contends it is entitled to reimbursement of the full amount of the expenses A-ONE has incurred or will incur in the defense of Hong Sheng Group and Yang Tengfei in the Underlying Action because Lei Cheng was an employee of Hong Sheng Group at the time of the accident and the claims made in the Underlying Action were never potentially covered pursuant to exclusions (3), (4) and (5) of the A-ONE policy, and no coverage applies.

22. If A-ONE is required to pay any amount in settlement of the Underlying Action on behalf of Defendants or for a judgment the plaintiff obtains against Hong Sheng Group or Yang Tengfei in the Underlying Action, A-ONE is entitled to reimbursement of any such payments from Hong Sheng Group by the specific terms of A-ONE's Reservation of Rights letter, as well as federal and California law.

23. A-ONE seeks a declaration that it is entitled to withdraw from the defense of Hong Sheng Group and Yang Tengfei in the Underlying Action and requiring Hong Sheng Group to reimburse A-ONE for any payments A-ONE has made in the defense of the Underlying Action as well as any payment A-ONE makes in settlement or judgment for claims not covered by its policy.

PRAYER FOR RELIEF

Wherefore, A-ONE prays for a judgment:

(1) Declaring that A-ONE has no obligation under the policy to defend Hong Sheng Group or Yang Tengfei in the Underlying Action;

(2) Declaring that A-ONE has no obligation under the policy to indemnify Hong Sheng Group or Yang Tengfei in the Underlying Action;

(3) Declaring that A-ONE is entitled to withdraw from the defense of Hong Sheng Group or Yang Tengfei in the Underlying Action and A-ONE is entitled to reimbursement plus interest from Hong Sheng Group for any payments or costs A-ONE has made or is required to make in defending Hong Sheng Group or Yang Tengfei in the Underlying Action, or is required to pay to the plaintiff in the Underlying Action.

(4) For an award of A-ONE's costs of suit;

(5) For such additional relief as the Court deems just and proper.

Dated: January __, 2024

WOOLLS PEER DOLLINGER & SHER
A Professional Corporation

/s/ JOHN E. PEER

Attorneys for Plaintiff

A-ONE COMMERCIAL INURANCE
RISK RETETNION GROUP, INC.